

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 211936Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7273

S E C R E T SECTION 1 OF 2 LONDON 00948

EXDIS///STADIS////////////////////////////////////

FOR NEA/IND AND PM/ISO

E.O. 11652: XGDS-1

TAGS: PFOR, EAID, CE, XO

SUBJECT: DIEGO GARCIA PRESENTATIONAL ASPECT: US AID TO
SRI LANKA

REF: STATE 12649 (NOTAL)

SUMMARY: FCO OFFICIAL HAS FLOATED IDEA INFORMALLY THAT
MAIN TROUBLE ON DIEGO GARCIA EXPANSION AMONG SOUTH ASIAN
LITTORAL STATES IS LIKELY TO COME FROM SRI LANKA, UNLESS
MEASURES ARE TAKEN TO GIVE SRI LANKA PAUSE. HE SUGGESTED
SUCH MEASURES MIGHT INCLUDE POSTPONEMENT OF AID
PLEDGING CONFERENCE BY 4-6 WEEKS PAST CURRENTLY PLANNED
MID-FEBRUARY DATE, AND THE INTIMATION OF A HIGHER LEVEL
OF AID FOR THIS YEAR OR NEXT WHEN CONFERENCE DOES MEET.
HE THOUGHT CHANCES PRETTY GOOD THAT SRI LANKANS WOULD
RESPOND TO THIS APPROACH, AT LEAST TO EXTENT OF MUTING
THEIR PUBLIC CRITICISM AND NOT EGGING INDIANS ON, EVEN
IF THEY DO NOT ABANDON THEIR PET IOPZ PROPOSAL. END
SUMMARY.

1. IN A DISCUSSION OF DIEGO GARCIA EXPANSION CONSE-
QUENCES WITH US JANUARY 18, FCO SOUTH ASIAN DEPT. HEAD
CHALMERS MENTIONED POSSIBLE LINK-UP WITH THIS YEAR'S
US ASSISTANCE PLEDGES TO SRI LANKA. IN CALCULATING
PROBABLE REACTIONS OF SOUTH ASIAN LITTORAL STATES TO
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DIEGO GARCIA EXPANSION, CHALMERS SAID, FCO IS DISCOUNT-
ING PAKISTAN ON ASSUMPTION US CAN KEEP IT QUIET. FCO
ASSUMING INDIA WOULD PREFER, IN CURRENT POLICY CONTEXT,
NOT TO TAKE NOTICE UNLESS ITS NOSE WERE RUBBED INTO

PROBLEM BY SOME OTHER STATE. BRITISH DOUBT THIS WOULD BE SOVIETS, BUT SUSPECT IT MIGHT BE SRI LANKA.

2. FIRST STAGE OF DIEGO EXPANSION WOULD CONSIST OF STRAIGHTFORWARD CONSTRUCTION, WHICH COULD BE PASSED OVER AS SOME SORT OF PUBLIC WORKS PROGRAM BY THOSE DISPOSED SO TO VIEW IT, CHALMERS SAID. SRI LANKANS ARE PEOPLE ONE CAN DEAL WITH, SO THAT THEY NEED NOT NECESSARILY FEEL THEY HAVE TO EMBARK ON A PROTEST CRUSADE. NOR NEED SRI LANKANS GIVE UP THEIR INDIAN OCEAN PEACE ZONE PROPOSAL JUST BECAUSE THEY DECIDE TO OVERLOOK DIEGO GARCIA DEVELOPMENT.

3. BRITISH HAVE PUT TOGETHER PROGRAM OF AID TO SRI LANKA OF ABOUT L.2 MILLION POUNDS STERLING TO OFFER AT PLEDGING CONFERENCE PRESENTLY BEING SCHEDULED FOR FEBRUARY, CHALMERS CONTINUED. THIS REPRESENTS VERY MARGINAL INCREASE (.2 MILLION POUNDS) OVER LAST YEAR, MAINLY FOR TECHNICAL REASONS. WHILE TOTAL OUTFLOW FROM UK (INCLUDING BACKLOG OF DEVELOPMENT LOANS) IS LIKELY TO RISE TO ABOUT 3 MILLION POUNDS, MAIN ASSISTANCE TO SRI LANKA OBVIOUSLY COMES FROM US.

4. CHALMERS SAID THINKING WHICH FOLLOWS IS STILL PREMATURE, AS IT CANNOT YET BE REPRESENTED EVEN AS FCO VIEW, BUT HE WOULD SET IT FORTH AS SOMETHING FOR DEPARTMENT TO CONSIDER, INFORMALLY. CHALMERS DOES NOT KNOW WHAT USG HAS IN MIND FOR SRI LANKA THIS YEAR, BUT OBVIOUSLY US ASSISTANCE IS AN IMPORTANT CONSIDERATION TO GOSL. HE WONDERES IF, AS A FIRST STEP, USG MIGHT NOT THINK IT USEFUL IF SRI LANKA AID MEETING WERE PUT OFF 4-6 WEEKS. HE SAID HE WOULD NOT GO INTO MECHANICS; THERE WOULD BE SEVERAL WAYS TO APPROACH WORLD BANK CHAIRMAN. PERHAPS USG COULD TELL HIM IT IS SO BUSY WITH LARGE INDIAN, PAKISTANI, BANGLADESH AND RELATED SOUTH ASIAN AID OR DEBT PROGRAMS THAT IT WOULD HAVE TO PUT OFF SRI LANKAN PROGRAM UNTIL LATER -- INSTEAD
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OF TRYING TO POLISH IT OFF FIRST AS NOW SEEMS TO BE THE THINKING.

5. CHALMERS SHIED OFF FROM COMMITMENT THAT BRITISH MIGHT JOIN US IN ASKING FOR POSTPONEMENT, THOUGH HE INDICATED (AGAIN INFORMALLY) THAT BRITISH WOULD OF

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TO SECSTATE WASHDC 7274

S E C R E T SECTION 02 OF 02 LONDON 00948

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COURSE NOT OBJECT.

6. WHEN WE POINTED OUT THAT AID MONEY IS GETTING SCARCE IN WASHINGTON, CHALMERS SAID EVEN IF THIS YEAR'S US CONTRIBUTION WERE NOT LARGER THAN LAST YEAR'S, PERHAPS INTIMATION COULD BE GIVEN OF INCREASE NEXT YEAR. IN REPLY TO QUERY HE SAID HE COULD NOT VISUALIZE BRITISH INCREASING BEYOND PRESENT LEVEL, BUT BY SAME TOKEN DIEGO GARCIA WOULD SERVE AS POWERFUL ARGUMENT NOT TO CUT AID NEXT YEAR.

7. CHALMERS ADDED THAT BRITISH AMBASSADOR SMEDLEY'S EXPERIENCE IN COLOMBO LENDS CREDENCE TO EFFICACY OF THIS INDIRECT APPROACH. WITHOUT ACTUALLY TYING AID TO FRIENDLY BEHAVIOR FROM SRI LANKA, SMEDLEY HAS BEEN ABLE TO MAKE HIS POINT ON SEVERAL OCCASIONS -- AS FOR EXAMPLE IN GETTING GOSL TO LET BRITISH USE THEIR AIRPORT WHILE GAN ISLAND STRIP WAS BEING RESURFACED LAST YEAR.

8. COMMENT: THIS SEEMS TO BE A PERSONAL CHALMERS INITIATIVE THAT HAS NOT (YET) BEEN CLEARED AS FCO POSITION. IT HAS ITS DISINGENUOUS ASPECT IN THAT, AS WE UNDERSTAND IT, BRITISH ARE PRETTY WELL COMMITTED IN THEIR OWN POLICY PROCESS TO CONTINUING AID TO SRI LANKA AT PRESENT LEVEL THROUGH NEXT YEAR AS WELL, QUITE APART FROM DIEGO GARCIA CONSIDERATIONS. NEVERTHELESS, THE SUGGESTION THAT SRI LANKAN SILENCE MAY BE
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OBTAINABLE (INDIRECTLY) THROUGH SOMEWHAT HIGHER (OR EVEN COMMITMENT TO NO LOWER) US AID LEVELS IS WORTH CONSIDERING. IN ANY CASE, POSTPONEMENT OF DONOR PLEDGING CONFERENCE PAST PERIOD OF MAXIMUM PUBLICITY (FOLLOWING PRESENTATION TO THE CONGRESS) WOULD APPEAR FROM HERE TO HAVE MERIT.

9. DEPT. REPEAT THIS CABLE AS DESIRED.

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